SECRET   BPAM 64-0776

64-6418

19 SEP 1964

The Honorable Kermit Gordon
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Gordon:

During our meetings with you and members of your
staff in July, Mr. McCone advised you of the Agency's plans
to improve personnel utilization and to reduce positions
requested in the Agency FY 1966 budget. Actions to this end
have been taken.

At this writing the Agency is planning to submit a
FY 1966 budget which will identify a reduction in FY 1965 to
[   ] positions and an end-year strength level of [   ] in
FY 1965. A further reduction of [   ] positions is reflected
for FY 1966.

To achieve this downward trend in budget planning
and also to provide for necessary increases in selected high
priority Agency programs, we have made an intensive review
of all components' operational programs. The results of
this review are identified in the upcoming budget submission.
They include organizational consolidations which will provide
for improved management and manpower savings and direct
program cuts in some field activities, e.g. the [   ]
Station. Beyond this, some functions in the dissemination
and central reference activities of the Agency are programmed
for reduction and reduced manpower allocations have been
made to many of the more traditional intelligence production
and support functions as, for example, economic intelligence,
[   ] personnel, logistics and finance. The
specifics of these actions will be reviewed with your staff in
the coming months.

Economy   SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

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In regard to the on-duty strengths of the last quarter I am attaching a table in response to the Bureau's requirement. You will note that our on-duty strength as of 31 August 1964 was [____] below that of 30 June. This drop is explained by the continuing high turnover of clerical personnel. It also reflects the impact of the Agency's control over the entrance-on-duty of new professional employees. During the next quarter we hope this level can be maintained. Some increase over this figure may take place early next spring as recruitment of personnel for new programs produces results.

The Agency policy to reduce manpower levels presents us with several serious management considerations. The reprogramming of internal manpower authorizations and reductions in the authorized strengths of some of the "older" elements of the Agency has created problems in the maintenance of skills balances, career development, retraining and separation. Normal attrition alone cannot be relied upon to accomplish our manpower objectives. We are looking to the retirement of officers who have qualified, through age and service, for immediate annuities, the elimination of military positions wherever possible and the identification and separation of employees who may not be capable of sustained satisfactory performance as further methods to relieve the pressure. The gap between on-duty and end-year ceiling will be used to provide the flexibility needed to meet our objectives and avoid undesirable program imbalances.

Savings which are indirectly related to manpower have also accrued during the quarter. Our objective to reduce overtime compensation has been achieved in most large elements of the Agency. Simplification of printing requirements and reductions in the reports being printed are reflecting savings. The application of computers to various statistical compilation problems has reduced manhours previously requiring manual construction of statistical data by the research units. Subscriptions to periodicals and the purchase of all publications are being severely scrutinized and eliminated wherever a strong justification for retention cannot be presented. Many other minor actions have been implemented. These range from an annual savings of [____] as a result of

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changes in cable re-addressing procedures to annual savings of _____ through a reduction in shuttle bus service and _____ in guard services.

While it is unnecessary to attempt to list in detail all of these kinds of savings, it is most gratifying to the Director and to me that they are emerging through the supervisors at the "grass roots" levels of the Agency and reflect clearly the fact that our personnel are committed to the economy program.

Sincerely yours,

(signed) Lyman B. Kirkpatrick

Lyman B. Kirkpatrick
Executive Director-Comptroller

Attachment

BPAM/JMClarke/kfh (18 Sep 64)
Distribution
   Orig and 2 - Addressee
      1 - Executive Registry
      1 - Director of Personnel
      1 - D/BPAM
      1 - Manpower Subject
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